

INFORMATION REPORT

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COUNTRY Austria/USSR

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SUBJECT Sales Activities of USIA-controlled Siemens-Schuckert

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Since the mysterious sale in mid-May 1948 of about 2,000 electric motors to an undisclosed customer, the efforts of Friedrich TUPY, director of the USIA-controlled Siemens-Schuckert plant in Vienna XX, Engerthstrasse, to clear his stocks of electric motors have been largely unsuccessful. ~~Comment:~~ Although it has been impossible to trace this sale, it is known that 50 Juschweschtrans trucks loaded 2,000 electric motors from the Engerthstrasse plant in May 1948 for conveyance to an unknown destination, believed to be outside of Austria.)

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TUPY and his deputy, APPEL, have been trying earnestly for the past few months to sell their motors wherever possible. They have met with difficulty in Austria, however, since their prices were considerably above Austrian ceilings. For example, TUPY tried to sell to the Styrian Farmers Unions two thousand motors which were in great demand for use during the late summer harvesting season. Because of refusal of the Ministry of the Interior to authorize purchase at the prices asked, and because of complaints raised by the Austrian Electrical Association, the sale was never consummated, and the motors and installation equipment were bought and are now being distributed by Siemens-Schuckert Ges.m.b.H., with approval of the Austrian Government. This came about after negotiations between PUTZ, deputy "Disponent" of Siemens-Schuckert Ges.m.b.H., and the Soviets, SHARIKOV and IVANOV, respectively chief and deputy of the USIA Electro-technical Division. The prices quoted were ceiling less 10%, to compensate for the recent price drop, or about 30% under those asked by TUPY. Siemens Ges.m.b.H. was thus able to mark the goods up 5%, sell some to the Austrian Railways and some to farmers, and still underbid TUPY's prices.

TUPY appears to have lost his prestige with the Soviets, as a result of his failure to recognize the necessity for acquiring schillings even at a sacrifice. SHARIKOV told PUTZ that it was not necessary to deal with TUPY, since the latter had no voice in setting prices. If goods were to be sold at dumping prices, it was up to the Electro-technical Division to prescribe the terms. ~~Comment:~~ sales activities have been taken out of TUPY's hands and re-assumed by the USIA Electro-technical Division.)

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5. SHARIKOV furthermore told PUTZ on 15 July 1948 that, since the latter had succeeded in placing 1400 USIA-produced electric motors in a matter of ten days, whereas TUPY had not been able to accomplish the same in approximately three months, USIA would be interested in having Siemens-Schuckert Ges.m.b.H. take over domestic and foreign marketing representation, not only of Siemens-Schuckert A.G. but of the entire USIA electrical industry. PUTZ replied that, if such an arrangement were to be concluded, it could come about only on a purely business basis. SHARIKOV promised to study the matter further.
6. On 5 July 1948, SHARIKOV mentioned a compensation transaction recently concluded with England. According to the terms of this agreement, England was to receive  $1\frac{1}{2}$  tons of electric motors from USIA, in return for the equivalent in woven cable insulation material (Kabelhosen). ~~Comment:~~ If the motors in question were the size most in demand, i.e., about 4 HP, then 38-40 motors would be involved).

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